



Continental
Cablevision

January 19, 1993

Mr. Robert F. Walker
Manager
Miami Valley Cable Council
1195 East Alex-Bell Road
Centerville, OH 45459

Dear Mr. Walker:

We believe that your letter of January 13, 1993, reflects several misunderstandings about Continental Cablevision's planned rate restructuring in your community. While we understand your intention to reserve such rights as you may have under the 1992 Cable Act, I want to assure you that Continental has devoted a great deal of time and attention to understanding and complying with the new Act. We do not believe that any of our actions are in derogation of the Act, but we are committed to compliance.

One central purpose of our rate revision is to adopt uniform rates for cable service in the area, which the Federal Communications Commission has tentatively suggested is appropriate under the new Act. While we understand that for franchise fee purposes we are expected to pay on revenues inclusive of franchise fees, our rate, in a market sense, is uniform. Subscribers in areas which collect higher franchise fees do pay more. Subscribers in areas with no franchise fees pay our rate. We need to quote the price as a retail price "plus franchise fees" so that we are able to advertise in mass media, which do not differentiate in which community the resident lives.

We do not believe this is misleading or deceptive. Indeed, we have had few inquiries at all concerning our announcement. Nonetheless, we have no objection to providing clarification as may be required.

You should understand that the notice and schedule you received is not the notice we plan to distribute to our customers. In our customer notice, we do not plan to

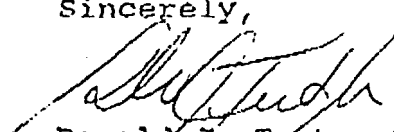
itemize the franchise fee as a "tax," but we will be itemizing it as franchise fees in each jurisdiction which collects such fees. We also plan to tell our customers that there has not been an increase in franchise fees nor do we expect one in 1993.

We do and will continue to remit the franchise fee on gross revenues, including franchise fees. The calculations table we submitted to you reflects the amount which will be itemized on the invoice, which is fractionally less than the amount we will be paying to your community. We are scheduling the fees this way because we believe it is the least confusing method of informing customers of the percentage franchise fee which is attributable to their community. It will also permit the invoice to match the rates quoted in advertising without creating additional confusion on the bill.

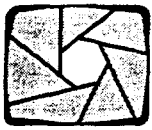
We do take strong issue with your distribution letter. We were disturbed enough at the tone -- accusing Continental of deceptive trade practices when we have previously explained our franchise fee payments to you and you have made no effort to inquire or understand what we have proposed before leaping to that false charge. We were even more disturbed at your gratuitous distribution of those false charges to other city managers, in an apparently intentional effort to disrupt our franchise relations in all area communities. The fact is that no alleged "misrepresentation" has even been communicated to the public, as a simple phone call would have revealed.

Please call if you have any further questions.

Sincerely,



Ronald J. Testa, Jr.
Director of Corporate Affairs
Continental Cablevision of Greater Dayton



miami valley
cable council

A municipal communications group

1195 E. Alex-Bell Road / Centerville, Ohio 45459 / Phone: (513) 438-8887 Fax: 438-8569

JAN 29 1993

January 26, 1993

Mr. Ronald J. Testa, Jr.
Director of Corporate Affairs
Continental Cablevision
90 Compark Road
Centerville, Ohio 45459

Dear Mr. Testa:

I write in response to your letter of January 19 concerning Continental Cablevision's planned rate restructuring in the area. While I appreciate your prompt response, your letter does not alleviate our concern. On the contrary, it confirms Continental's intent to characterize the franchise fee as not included in its retail price, a characterization that is simply incorrect.

We are somewhat perplexed by your statement that a "central purpose" of your rate revision is to adopt uniform rates. Rather than adopting uniform rates, your proposed rate revision actually will make Continental's rates non-uniform in the area, based on differences in franchise fees in different jurisdictions.

We recognize that the FCC is currently seeking comment on whether the uniform rate provision of the 1992 Cable Act permits a cable operator to charge different rates in different contiguous geographic areas based on different franchise costs, such as the franchise fee. Thus, neither we nor Continental yet know whether the rate revisions you propose are even consistent with the uniform rate provision of the 1992 Cable Act. But regardless of whether the proposed rate revision is consistent with the Act, it would make rates in the area less uniform, not more uniform.

The source of this decrease in uniformity, as well as our continuing disagreement with you, can be found in your reference to "retail price 'plus franchise fees'" in the second paragraph of your letter. There is no such thing as "retail price plus franchise fees." Franchise fees are part of Continental's retail price, and its "retail price" is what you refer to as "retail price plus franchise fees." You don't have to take our word for it. I refer you to page 86 of the House Report on the 1992 Cable Act, which states that a cable operator "shall not identify cost itemized...as separate costs over and beyond the amount the cable operator charges a cable subscriber for cable service." The Report then uses the following example:

Mr. Ronald J. Testa, Jr.
January 26, 1993
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"[A] cable operator might itemize...a \$1.50 per month charge to account for a five percent franchise fee obligation. If a cable operator charges \$30 per month for basic cable service, the \$1.50 itemized charge shall be included in such amount; the cable operator cannot provide the cable subscriber a basic cable bill for \$28.50, with a \$1.50 additional charge added as a franchise fee. Thus, the bill would show a total charge of \$30, but the cable operator would have the right to include in a legend a statement that the \$30 basic cable service rate includes a five percent franchise fee, which amounts to \$1.50."

House Report at 86 (emphasis added). It should also be noted that in its Notice of Proposed Rulemaking in the rate regulation proceeding, the FCC cited this page of the House Report with approval in proposing regulations dealing with subscriber bill itemization. Notice at p. 79 note 226.

For the same reasons, your suggestion that the amount itemized on the bill as franchise fees will be "fractionally less" than the amount of franchise fees Continental will actually pay is unacceptable. While we are not anxious for Continental to itemize the "fractionally" greater amount, the amount itemized must be accurate. In other words, the amount itemized as franchise fees must be the amount Continental actually pays. I am pleased, however, that you recognize that the "fractionally" greater amount is the true amount of franchise fees owed.

You take strong issue with my "distribution letters" to area city managers. First, you should be aware that several area city managers contacted me specifically requesting information and advice about your rate increase. Second, city managers in this area have communicated with one another for many years about issues of common concern. If anything, such communication will increase in the future. MVCC has every intention of playing a key role in communication and coordination among area communities whether you approve or not.

We ask that Continental comply with the law and treat the franchise fee as part of its retail price, and itemize its subscriber bills accordingly. While I understand Continental's desire to be able to advertise a uniform price in the mass media, there is a simple solution: Continental can charge a uniform price. It cannot, however, seek to charge the non-uniform prices proposed in its rate revision and still seek to gain the promotional advantages of characterizing those non-uniform prices as uniform in its media advertising.

Mr. Ronald J. Testa, Jr.
January 26, 1993
Page 3

I hope that you now recognize your error, and that it be promptly corrected. I would be happy to discuss the matter further with you if it would be helpful.

Sincerely,



Robert F. Walker
Manager

RFW:r

c: Richard Hutchinson, Continental
Miami Valley Cable Council
Tim Lay, Miller & Holbrooke
Managers of Miami Valley cities w/Continental franchises
Vandalia
Englewood
Huber Heights
Union
Springfield
Xenia
Trotwood
Fairborn
Beavercreek
New Carlisle



**Continental
Cablevision**

January 27, 1993

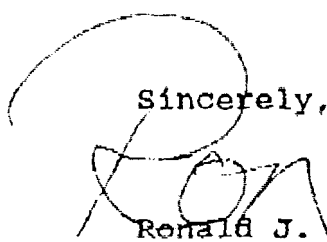
Ms. Nedra Brown
Chairwoman
Miami Valley Cable Council
1195 East Alex-Bell Road
Centerville, OH 45459

Dear Ms. Brown:

As promised, enclosed is a preview of the cable subscriber notification for our 1993 rate restructure effective April 1, 1993. We expect this letter to arrive in the home during the first and second weeks of February, depending upon the expedience of mail service.

As always, please call me if you have any questions.

Sincerely,


Ronald J. Testa Jr.
Director of Corporate Affairs

cc symbols? Please copy on to the other staff members

Enclosures or more details

Thank you for your help in this matter. We appreciate your assistance.

Continental Cablevision • Greater Dayton District
90 Compark Road • Centerville, Ohio 45459 • Phone (513) 435-2092 • Fax (513) 435-8309

February 1, 1993

Continental Cablevision*

Dear Subscriber:

Continental Cablevision will be restructuring all subscriber rates effective April 1, 1993. Our central purpose of the rate restructure is to introduce a better measure of uniformity in rates for cable television service across our 60 community service area and to adjust rates to be what we believe is expected by the 1992 Cable Act.

As a result of the changes in this rate restructure, your new monthly cable statement may be higher, lower, or stay the same depending on your current level of cable service. However, the overall rate change will be a 2.6% percent increase in the average monthly cable bill which offsets continued increases in the cost of cable programming and system operations.

Continental's new monthly billing system will allow us to provide each subscriber with an itemized break out of their cable service each month providing you with complete information about the services for which you are paying. Among the costs that will now be itemized, will be the franchise fee in your community which is what we pay for the use of public rights-of-way. In the past, franchise fees have been included as a part of the cable service product price. While these franchise fees have not increased this year, they will now be shown as a line item on the new bill.

The following chart explains the restructured rates for your community:

<u>Service</u>	<u>New Rate Structure*</u>
Limited Service (Broadcast Tier)	\$ 8.95
Satellite Service (only with Basic Broadcast)	13.55
Choice Package (includes Broadcast Tier & Satellite Service)	22.50
Additional outlet	2.50
Wireless Remote Converter	3.50
First Premium Service	10.75
Two-Premium Package**	17.70
Three-Premium Package**	24.65
Four-Premium Package**	30.60
Service Call/Repair	Free

* The restructured rates are subject to applicable franchise fees, which vary from community to community area depending on the terms of the specific franchise.

** A la carte rates also available.

We will continue to work hard to provide you with quality cable television service. Today, your support has made it possible to bring you a choice of 36 channels of information and entertainment into your home - 24 hours a day. Additionally, we have invested in our service/repair department to offer you 24 hour telephone contact so, no matter when you call, you will speak with a Continental employee.

As you are aware, we are currently rebuilding our cable systems and look to 1995 when cable service will offer choices of up to 78 channels of advanced cable television technology.

"People, Programming and Technology"... Continental Cablevision is proud to be your cable television provider.

Sincerely,



Richard S. Hutchinson

Vice President & District Manager



A municipal communications group

1195 E. Alex-Bell Road / Centerville, Ohio 45459 / Phone: (513) 438-8887 Fax: 438-8569

February 3, 1993

Ronald J. Testa, Jr.
Director of Corporate Affairs
Continental Cablevision
90 Compark Road
Centerville, Ohio 45459

Dear Ron:

Thanks for sending a preview of your cable subscriber notification of the April 1 rate increase. Our Executive Committee met yesterday to discuss this notification and other related matters.

While we would write the notification very differently, there are only three specific changes we suggest. These are shown on the attached modified letter.

The main point, and one we remain committed to, is that you be factual and forthright with customers. As we have repeatedly stated, you must show a total retail price which includes franchise fees. I again refer you to page 86 of the House Report on the 1992 Cable Act, and the quotation provided in my January 26 letter.

We trust you will comply with our request.

Sincerely,

A handwritten signature in dark ink, appearing to read "RFW", with a long horizontal flourish extending to the right.

Robert F. Walker
Manager

RFW:2

c: Richard Hutchinson, Continental
Miami Valley Cable Council
Tim Lay, Miller & Holbrooke
Managers of Miami Valley cities
w/Continental franchises

February 1, 1993

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The following chart explains the restructured rates for your community:

Service	New Rate Structure	
Limited Service (Broadcast Tier) =	\$ 8.95	9.40
Satellite Service (only with Basic Broadcast)	13.55	14.23
Choice Package (includes Broadcast Tier & Satellite Service)	22.50	23.63
Additional outlet	2.50	2.63
Wireless Remote Converter	3.50	3.68
First Premium Service	10.75	11.29
Two-Premium Package**	17.70	18.59
Three-Premium Package**	24.65	25.88
Four-Premium Package**	30.60	32.13
Service Call/Repair	Free	

~~* The restructured rates are subject to applicable franchise fees, which vary from community to community and are dependent on the terms of the specific franchise.~~

** A la carte rates also available.

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Sincerely,

Richard S. Hutchinson

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Vice President & District Manager